

**Remarks/Arguments**

Reconsideration of this Application is requested.

The Examiner has objected to claim 1, because the number for claim 1 is missing, and on line 5, the word "a" should be "an". Applicants have made the appropriate corrections.

Claim 3 has been cancelled.

Claims 1-7 have been rejected by the Examiner under 35 USC §112 as being indefinite for failing to particularly point out and distinctly claim the subject matter which Applicants regard as the invention. Applicants have amended claims 1, 4, 6 and 7 to overcome the Examiner's rejection.

Claims 1 and 4-7 have been rejected by the Examiner under 35 USC §102(e) as being anticipated by Rhoads, et al. (U.S. Patent Publication 2004/190751 A1).

Rhoads discloses the following in paragraph [0010]:

**"[0010]** For example according to the present invention two digital watermarks in a document may have different energy levels. The absolute energy level of a digital watermark in an original image may be decreased if a document is subject to wear. Likewise the energy level of the digital watermark in an image may be decreased if an image is scanned and reprinted on a color printer. Likewise if two digital watermarks are introduced into an image where the bit pattern used to construct the digital watermarks have different patterns, the ratio between the signal to noise ratio of the watermarks will be different in an original subject to wear and in a copy generated by scanning the original and printing the scanned image. Other characteristics of multiple digital watermarks can also be used to differentiate original documents from copies.

Rhoads discloses the following in paragraph 39:

**"[0039]** The document **10** includes an image (not explicitly shown) that has two digital watermarks inserted therein. In the first embodiment of the invention, the first watermark has a fine grain and the second watermark has a course grain. The grain of the two watermarks is illustrated in **FIG. 2**. **FIG. 2A** shows the grain of the first watermark and **FIG. 2B** shows the grain of the second watermark. The first watermark uses blocks of 9 pixels (a 3 by 3 block). Each of the pixels in each 9

pixel block has its gray value changed by the same amount. For example **FIG. 2A** shows that the first 9 pixel block has its gray value increase and the second 9 pixel block has its gray value decreased. The amount of increase and the selection of blocks that is increased and decreased is conventional."

Rhoads does not disclose or anticipate claim 1 as amended, namely, embedding digital information in an image of a postal indicia.

Claim 2 has been rejected by the Examiner under 35 USC §103(a) as being unpatentable over Rhoads, et al. and Hayashi, et al. (U.S. Patent No. 5,829,895. In page 7 of the office action, the Examiner stated "*Rhoads does not disclose wherein the image is a postal indicia. Hayashi et al. teaches to embed a watermark into a postal indicia (Hayashi et al.; col. 2 lines 63-67, col. 3 lines 1-1-8, and col. 7 lines 35-38). It would have been obvious to one skilled in the art to combine the teaching of Hayashi et al. into the system of Rhoads et al. because they are analogous in watermarking. One in the art would have been motivated to incorporate the teaching of Hayashi et al. into the system of Rhoads et al. in order to mark a postal indicia in order to be able to identify if it is an original postal indicia or a counterfeit.*"

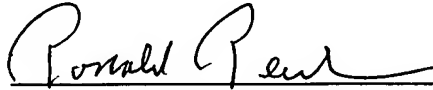
Claim 2 has been cancelled, and the substance of claim 2 has been added to amended claim 1.

The present application and Hayashi's United States Patent 5,829,895 assigned to Pitney Bowes Inc., at the time of the invention of the present application, were commonly owned by or subject to an obligation of assignment to the same entity, namely Pitney Bowes Inc. Thus, U.S. Patent No. 5,829,895 should be removed as a reference under 35 USC §103(c) for the present application. Thus, claim 1, as amended, and those claims dependent thereon are patentable.

- Appln. No.: 10/087,314  
Amdt. Dated March 29, 2005  
Reply to Office Action dated February 7, 2005

In view of the above, claims 1 and 3-7 are patentable. If the Examiner has any questions, would he please contact the undersigned at the telephone number noted below.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ronald Reichman", written over a horizontal line.

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